

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 4035-01
BILL NO.: SB 912
SUBJECT: Insurance - General; Insurance - Life; Insurance Department
TYPE: Original
DATE: February 11, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None			
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance (INS)** state the proposal would cause the INS to increase actuarial review because of the new reserving requirement. INS anticipates that current appropriations and staff would be able to absorb the work for implementation of this single proposal. However, if additional proposals are approved during the legislative session, the department may need to request an increase in appropriations due to the combined effect of multiple proposals.

Office of Secretary of State (SOS) officials state the proposal would require the Department of Insurance to promulgate rules governing the valuation of life insurance policies. SOS states that based on experience with other divisions, the rules, regulations, and forms issued by the Department of Insurance could require as many as approximately 26 pages in the "Code of State Regulations". SOS states that for any given rule roughly half again as many pages would be published in the "Missouri Register" as in the "Code" because statements, fiscal notes, and the like are not repeated in the "Code". SOS states the costs are estimated. SOS estimated the cost of a page in the "Missouri Register". SOS estimated cost of a page in the "Missouri". SOS also assumes the cost of a page in the "Code of State Regulations" would be \$26.50. SOS states the actual costs could be more or less than the numbers given. SOS states the fiscal impact of this proposal in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded, or withdrawn. SOS states the proposal does not require additional personnel but the cumulative effect of other proposals that require rulemaking activity may, in the aggregate, necessitate additional staff.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2001	FY 2002	FY 2003

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<u>FISCAL IMPACT - Local Government</u>	FY 2001	FY 2002	FY 2003
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal would require the Department of Insurance to promulgate regulations pertaining to the valuation of life insurance policies. The Department of Insurance may base its regulation after the "Valuation of Life Insurance Policies Regulation" adopted by the National Association of Insurance Commissioners. This proposal has an emergency clause.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance



Jeanne Jarrett, CPA
Director
February 11, 2000